INFORMAL COMMENTS OF THE INTERSTATE RENEWABLE ENERGY COUNCIL, INC. REGARDING DRAFT REVISIONS TO NET METERING RULES

In response to the Illinois Commerce Commission (Commission) Staff's *Notice of Request for Comments on Draft Revisions to the Net Metering Rule (Part 465)*, the Interstate Renewable Energy Council, Inc. (IREC) respectfully submits these informal comments to highlight additional opportunities for clarification and improvement of net metering (NEM) in Illinois.

IREC is a non-profit organization that works to enable greater use of clean energy in a sustainable way by (i) introducing regulatory policy innovations that empower consumers and support a transition to a sustainable energy future, (ii) removing technical constraints to distributed energy resource integration, and (iii) developing and coordinating national strategies and policy guidance to provide consistency on these policies centered on best practices and solid research.

Staff's proposed revisions accomplish the task of incorporating recent statutory changes into the NEM rules. In regards to the scope of these changes, IREC has reviewed and fully supports the concurrent joint comments submitted by Environmental Law & Policy Center (ELPC) and the Vote Solar Initiative, including the suggested minor, redline revisions to the Staff's current draft of NEM rules.

IREC appreciates that Staff is taking a straightforward approach to implementation of changes to the NEM statute into the Commission's NEM rules. Without expanding the scope of the revisions, IREC encourages Staff to take the present opportunity to make additional program changes that will ensure that the statute is better understood by the public and that it is carried forward and applied in a consistent manner.

To accomplish this goal, IREC suggests that the Commission work with stakeholders through an informal process to develop a guideline document that could serve as the basis for consistent application of NEM throughout the state, and among the various alternative retail electric suppliers (ARES). As ELPC discusses in its thorough and illuminating research on the matter, there is a great deal of confusion among ARES regarding their obligations under state law and there is inconsistent treatment of existing NEM customers that decide to switch their electric supply to an ARES, or from one ARES to the next.

A guideline document could address these issues while serving other helpful functions. First, a guideline document could serve as a guide to the general public that may have an interest in participating in NEM, but are confused about how the policy works, given the complex language of utility tariffs and the NEM statute. IREC notes that creating a user-friendly guideline document for a state NEM program is not unprecedented. Such a process is currently underway in Maryland—a state that also has retail competition—where stakeholders, including IREC, have developed an initial draft of a NEM guidebook aimed at demystifying the process for potential NEM customers.

Second, a guideline document could provide a vetted and Commission-approved source of standards of operation to inform ARES of their obligation to provide NEM to customers. A stakeholder group could also develop a consensus around the recommended form of bill presentation. IREC is engaged in a stakeholder process in Massachussets where the state's utilities have shared how they manage billing calculations and billing presentations, including situations where the customer is taking electric supply from a competitive supplier. IREC recommends a similar process for Illinois, to make sure that NEM is made understandable to participating customers.

Third, a guideline document could address the inconsistencies in how Ameren and ComEd treat existing NEM customers that decide to switch to an ARES or that are part of a municipal aggregation scenario, as those problems are more fully described in the joint-party comments submitted by ELPC. Inconsistent treatment of existing customers that seek to switch electric suppliers creates unnecessary complications and raises issues of fairness. A Commission-approved and vetted document that provides common standards to address these recurring scenarios could alleviate this uncertainty for customers and ensure a fair shake for all NEM customers in the state.

Lastly, a guideline document could be an effective instrument to clarify the Commission's expectations of regulated utilities in regard to providing aggregate net metering (ANM). The NEM statute provides that utilities must consider requests to accommodate ANM, where a customer wishes to use the generation from a single source to offset consumption on multiple meters, but IREC is not aware of any instances where this has been carried out by either Ameren or ComEd. A guideline document should lay out scenarios where the Commission has evaluated that ANM would be a reasonable accommodation that should be allowed. In IREC's experience, ANM is a valuable policy tool to expand NEM markets to customers that face certain structural or organizational barriers to engaging in NEM, such as the case of a municipal government or school district, where installation of separate NEM systems for each meter may prove far less practical than installing a single, larger system behind one meter. ANM allows uniquely positioned, multiple-metered customers to leverage economies of scale to provide savings.

In addition to developing NEM guidelines, or a guidebook, IREC notes that a significant area for improvement in the application of Illinois' NEM rules is in regard to non-residential customers, most of whom receive only the electric supplier's avoided cost for energy exports to the grid. Since many non-residential customers will only receive avoided cost—and, as ELCP notes, avoided cost defines the value of excess generation for non-competitive customers—IREC encourages the Commission to update its approach to avoided cost. Because this would be a long-term endeavor, IREC recommends that the Commission could, as an initial step, initiate a working group or a series of workshops to explore the topic.

IREC agrees with ELPC that the Commission could incorporate a solar-specific avoided cost rate to reflect the state's solar-specific procurement mandate. IREC also encourages the Commission to explore how NEM could be supported through developing a NEM-specific or distributed generation-specific avoided cost rate, one that captures the unique operating characteristics of clean, peak-correllated generating resources that are located close to load.

IREC has outlined how states could use the existing PURPA framework to develop avoided cost pricing mechanisms that recognize the uniquely "distributed" characteristics of distributed generation systems.[1] While IREC does not in any way suggest that this approach should be a replacement for traditional, full retail net metering—which remains the simplest, most intuitive means to encourage distributed generation—a PURPA-based approach to pricing distributed generation would certainly be appropriate in the context of the Illinois and the NEM statute's direct reliance on avoided cost to compensate "non-competitive" customers for excess generation and to support the investment of non-residential customers in onsite distributed generation.

Conclusion

IREC appreciates the opportunity to submit these comments and encourages the Commission to develop a guideline document in parallel to the current revisions to the NEM rules. IREC envisions a collaborative process that will improve transparency and consistency for ARES, regulated utilities, solar companies, and ratepayers. As well, IREC encourages the Commission to give serious consideration to developing an avoided cost for NEM resources that more fully and accurately reflects the costs that NEM systems allow utilities to avoid.

Respectfully submitted,

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On behalf of the Interstate Renewable Energy Council, Inc.

Date: July 19, 2013

[1] *See Unlocking DG Value: A PURPA-based approach to promoting DG growth* (IREC), published May 2013, *available at* www.irecusa.org/wp-content/uploads/2013/05/Unlocking-DG-Value.pdf.